

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HCS CSSB 74(FIN)
Fiscal Note Number:	58
(H) Publish Date:	4/11/2016

Identifier: SB74HCSCS(FIN)-DCCED-CBPL-04-08-16
Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
Sponsor: KELLY
Requester: (H) Finance

Department: Department of Commerce, Community and
 Economic Development
Appropriation: Corporations, Business and Professional
 Licensing
Allocation: Corporations, Business and Professional
 Licensing
OMB Component Number: 2360

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	443.6		443.6	443.6	443.6	443.6	443.6
Travel	3.0		3.0	3.0	3.0	3.0	3.0
Services	89.2		160.8	160.8	160.8	160.8	160.8
Commodities	27.5						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	563.3	0.0	607.4	607.4	607.4	607.4	607.4

Fund Source (Operating Only)

1156 Rcpt Svcs	563.3		607.4	607.4	607.4	607.4	607.4
Total	563.3	0.0	607.4	607.4	607.4	607.4	607.4

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

Change in Revenues	563.3		607.4	607.4	607.4	607.4	607.4
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/17

Why this fiscal note differs from previous version:

SB74HCSCS(FIN) removes Veterinary Examiners and adds Audiologists and Speech-Language pathologists, and Physical and Occupational Therapists; updated services to include regulations projects for these programs and updated analysis.

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**REPORTED OUT OF
HFC 04/11/2016**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
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Analysis

SB74HCSCS(FIN) requires that the pharmacist or practitioner who dispenses Schedule II, III, or IV controlled substances under federal law, other than those administered to a patient at a health care facility, shall submit to the Board of Pharmacy for inclusion in the Controlled Substance Prescription Database on a weekly basis. The bill requires the pharmacist or practitioner who dispenses Schedule II, III, or IV controlled substances under federal law, if a prescription is dispensed to a person other than the patient, to collect to whom the prescription was written, and the name and date of birth of the person to whom the prescription was dispensed.

This legislation requires a pharmacist or practitioner who prescribes or dispenses Schedule II, III, or IV controlled substances under federal law to register with the database by a procedure and in a format established by the Board of Pharmacy. And requires the Board of Pharmacy to promptly notify the pertinent board when a practitioner registers with the database. It allows licensed practitioners and licensed pharmacists to delegate access to the database on their behalf to an agent or employee, licensed or registered by the Division of Corporations, Business and Professional Licensing, of the practitioner to whom the practitioner has given authorization.

This legislation allows access to the PDMP by: the licensed pharmacist of DHSS responsible for administering prescription drugs coverage; the license pharmacist, licensed practitioner, or authorized employee of DHSS responsible for the utilization review of prescription drugs for the medical assistance program; the Medical Examiner to the extent that the information relates specifically to investigating the cause and manner of a person's death; and authorized personnel of DHSS who may receive undisclosed information for the purpose of identifying and monitoring public health issues in the state. Further, it allows access to a practitioner employed by the United States Indian Health Service.

SB74HCSCS(FIN) allows for disciplinary action for failure to register by either the Board of Pharmacy or by another licensing board and removes the option to access or check the Database before dispensing, prescribing, or administering a medication. It allows for a procedure and time frame for registration with the database and requires that a practitioner access the database to check a patient's prescription records before dispensing, prescribing, or administering a schedule II or III controlled substance under federal law allowing for certain exception under emergent and situational circumstances.

This legislation requires the Board to update the database on a weekly basis and authorizes the Board to provide unsolicited notification to a pharmacist or practitioner if a patient has received one or more prescriptions for controlled substances in quantities or with a frequency inconsistent with generally recognized standards of safe practice.

This bill allows the DCCED to assist the Pharmacy Board and provide necessary staff and equipment to implement the PDMP, and to consult with the board in establishing and setting fees the same for all to register with the database. Expansion of the scope and functionality of the PDMP will require a Program Coordinator I, range 18, in Juneau to manage all aspects of the PDMP, including registration, reporting, collaboration and engagement with the state's opioid control program, grant writing and reporting, vendor solicitation, and other facets of the PDMP.

SB74HCSCS(FIN) expands the practice of telemedicine from prescribing, dispensing, or administering a prescription drug without conducting a physical examination (as authorized under HB 281 during the 2014 legislative session) to also include diagnosing and treating patients without conducting a physical examination, allowing these practices by a physician who is not located in the state of Alaska, changing the patient consent requirements, and allowing prescription of controlled substances under certain circumstances.

The significant expansion of the practice of telemedicine authorized under this bill will require substantial administrative and investigative resources to pursue complaints pertaining to a rapidly expanding body of licensees who are practicing "in Alaska" but operating from locations across the nation.

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Analysis Continued

The division has seen a 400% increase in medical license applications since telemedicine was expanded through legislation effective November 2014. This bill will exponentially increase the number of applicants, the geographic reach of applicant licensure, and the volume of supporting documentation required to examine fitness to practice. It will also multiply the potential for pre-application investigations. These changes will result in more costly investigative and legal support to respond to complaints, to discipline licensees for violations occurring across the nation, and to comply with increased licensee appeals of board actions.

This legislation expands telehealth outside Alaska's borders in the practices of social workers, professional counselors, psychologists, psychological associates, marital and family therapists audiologists, speech-language pathologist, speech-language pathologist assistants, physical therapists, and occupational therapists. Because these professions do not have prescriptive authority, the investigative concerns are not as high. The licensing workload, however, is anticipated to increase dramatically.

This legislation allows the Department to adopt regulations establishing and maintaining a registry of businesses performing telemedicine services in the state.

This fiscal note provides for two Occupational Licensing Examiners, range 14, to examine license applications and issue licenses. In addition, this fiscal note includes two Investigator III's, range 18, to investigate violations and enforce Alaska laws on this new population of licensees. Investigative personnel would also be tasked to regulate a new type of violation, "practice location." The additional staff would be necessary to determine violations of specific geographic scope.

If the bill passes the following expenses will be incurred:

Personal Services: \$443.6 (one full time permanent Program Coordinator I, range 18, two full time permanent Occupational Licensing Examiners, range 14, two full time permanent Investigator III's, range 18)

Travel: \$3.0 (Program Coordinator to attend two board meetings and engage with committees and stakeholders in the state's opioid control program)

Services: \$27.5 (legal costs to amend regulations, printing, and postage in first year)

\$12.0 (printing and postage to notify prescribers who would be required to register)

\$2.2 (contract to expand PDMP database from monthly to weekly based on current vendor quote)

\$108.6 (legal cost of investigations and appeals beginning in year two)

\$50.0 (department-wide services support for five new positions)

Commodities: \$25.0 in first year (computer, office panels, office furniture and other one-time needs for five new positions)

The PDMP as it is currently operating is funded by a federal grant through a reimbursable service agreement (RSA) with the Department of Health and Social Services (DHSS). The department is seeking additional federal grant funding in collaboration with DHSS. In the absence of federal grant funds, the cost will be paid by fees charged registrants with the PDMP registrants.

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.